

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 99-0317P

Gross and Adjusted Gross Income Tax
Fiscal Years Ended 11/30/95, 11/30/96, and 11/30/97

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer is engaged in the business of real estate and personal property sales and leasing. Upon audit, it was discovered that the taxpayer failed to include in gross income the sales of real estate and sales commissions applicable to Indiana. In addition, taxpayer underreported their liability by 54% in 1995 and 13% in 1996 while over-reporting by 11% in 1997.

In a letter dated May 13, 1999, taxpayer requests the department waive the penalties.

1. **Tax Administration** –Penalty

DISCUSSION

Taxpayer was assessed a penalty for failure to include the sale of real estate and related personal property in Indiana at the high rate of tax as required by 45 IAC 1-1-110 and commission income on the sale of mortgage insurance on loans used for the purchase of Indiana real and personal property.

Taxpayer states it believes the penalty was inadvertently computed and requests its removal or abatement. Taxpayer provided neither additional reasoning nor response to the department's letter

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dated June 16, 1999.

The issues addressed in the audit are clear in the Indiana Code and Regulations. The taxpayer was negligent in not making itself familiar with the code and regulations.

FINDING

Taxpayer's protest is denied.

DW/RAW/MR 993007